



# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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**FOR IMMEDIATE RELEASE**

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## **NEW TAX RATES TAKE EFFECT ON APRIL 1, 2006**

The California State Board of Equalization today is reminding taxpayers that a number of voter-approved sales and use tax increases – designed to provide revenue for local purposes – will take effect on April 1, 2006.

The increases, approved by voters locally, will fund programs at the city or county level. Some tax increases apply to an entire county, some apply only within certain cities, and some are extensions of taxes currently in place.

<b>Local District Tax</b>	<b>Increase</b>	<b>New Rate</b>
City of San Rafael Transactions and Use Tax	0.50%	8.25%
City of Merced Transactions and Use Tax	0.50%	7.75%
City of Salinas Transactions and Use Tax	0.50%	7.75%
City of Scotts Valley Transactions and Use Tax	0.50%	8.50%
City of Dinuba Police & Fire Transactions and Use Tax	0.75%	8.00%
City of Porterville Public Safety Transactions and Use Tax	0.50%	7.75%
City of Tulare Transactions and Use Tax	0.50%	7.75%
Santa Clara Valley Transportation Authority*	--	8.25%
<i>*replaces Santa Clara County's existing Transactions and Use Tax. Rate remains unchanged at 8.25%)</i>		

In cases where the local (district) tax only applies to the city, the tax rate for other areas in the county will remain at the county tax rate.

Additionally, the City of Calexico's Heffernan Memorial Hospital District Tax will expire at midnight on March 31, 2006. The expiration will reduce the tax rate in Calexico from 8.25% to 7.75%. The tax rate in Imperial County remains at 7.75%.

Retailers must apply the new tax rates if they:

- Operate within the taxing area (district) and their merchandise is sold and delivered within the area.
- Sell vehicles, vessels, or aircraft to customers that register them within the taxing area.
- Collect tax on payments received for leased property used by the lessee in the taxing area.
- Operate outside of the taxing area but are engaged in business within the area and sell merchandise for use in the area. Retailers are considered to be engaged in business in the area if they (1) have any type of business location there, (2) deliver into the area using their own vehicles or (3) have an agent or representative in the area for the purpose of taking orders, or for sales, delivery, installation, or assembly.

For example, a retailer who operates outside a taxing area must still collect the additional tax when delivering merchandise to the area with the retailer's own vehicle.

If a retailer is not required to collect the additional tax as described above, the purchaser is liable for that tax.

For more information, visit [www.boe.ca.gov](http://www.boe.ca.gov) or call 800-400-7115.

The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

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